

**PLYMOUTH COUNTY AREA
SOLID WASTE AGENCY**

Independent Auditors' Report

June 30, 2020 and 2019

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY

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PLYMOUTH COUNTY AREA SOLID WASTE AGENCY

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Mark Loutsch	Board Member and Executive Board	Plymouth County
Rick Bohle	Board Member and Executive Board	City of Kingsley
Dennis Slota	Board Member and Executive Board	City of Remsen
Jason Vacura	Board Member and Executive Board	City of Le Mars
Donna Poulsen	Board Member and Executive Board	City of Oyens
Mike Koopmans	Board Member	City of Hinton
Ken Kreinert	Board Member	City of Brunsville
Barry Cornish	Board Member	City of Craig
Bruce Norgaard	Board Member	City of Merrill
Mike Vander Molen	Board Member	City of Struble
Beth Terpstra	Board Member	City of Westfield
Tony Paskert	Board Member	Plymouth County
Mike Grabe	Board Member	Plymouth County



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Plymouth County Area Solid Waste Agency

Report on the Financial Statements

We have audited the accompanying financial statements of the Plymouth County Area Solid Waste Agency (the Agency), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows, thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 8 to the financial statements, accounts payable was not properly recorded in the prior year. This amount is corrected on the accompanying financial statements. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Agency's proportionate share of the net pension liability, schedule of agency contributions, and notes to required supplemental information on pages 4 through 7 and 23 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plymouth County Area Solid Waste Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plymouth County Area Solid Waste Agency's internal control over financial reporting and compliance.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
January 6, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Plymouth County Area Solid Waste Agency provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Agency's operating revenues increased 15.05%, or \$139,722 from fiscal year 2019 to fiscal year 2020.
- The Agency's operating expenses increased 3.39%, or \$35,383 from fiscal year 2019 to fiscal year 2020.
- The Agency's net position decreased 0.39%, or \$7,137 from June 30, 2019 to June 30, 2020.

USING THIS ANNUAL REPORT

The Plymouth County Area Solid Waste Agency is a special purpose government reported as a single business type activity and presents its financial statements using the economic resource measurement focus and accrual basis of accounting which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to Plymouth County Area Solid Waste Agency's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.

The Statement of Net Position presents information on the Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Agency's operating revenues and expenses, non-operating revenues and expenses and whether the Agency's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Agency's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Agency financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Agency's proportionate share of the net pension liability and related contributions. Required supplementary information can be found on pages 23-25 of this report.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Agency's financial position. The Agency's net position for fiscal year 2020 totaled \$1,858,127. This compares to \$1,850,990 for fiscal year 2019. A summary of the Agency's net position is presented below.

Net Position		
	Year Ended June 30,	
	2020	2019
Current Assets	\$ 280,518	\$ 315,353
Restricted Investments	916,032	795,548
Other Long Term Assets	12,764	14,662
Capital Assets at cost, less accumulated depreciation	1,335,030	1,364,430
Total assets	2,544,344	2,489,993
Deferred outflows of resources	60,688	82,964
Current Liabilities	126,141	160,230
Long-term liabilities	577,317	537,565
Total Liabilities	703,458	697,795
Deferred Inflows of resources	43,447	24,172
Net Position:		
Net investment in capital assets	1,225,166	1,285,778
Restricted for Closure/Post Closure Cost	577,424	489,977
Unrestricted	55,537	75,235
Total Net Position	\$ 1,858,127	\$ 1,850,990

31.08% of the Agency's net position is restricted for closure and post closure care. State and federal laws and regulations require the Agency to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. The invested in capital assets (66%, e.g., land, buildings and equipment), less the related debt portion of net position are resources allocated to capital assets.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for hauling charges from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues and expenses consist of interest income and interest expense. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues and expenses for the years ended June 30, 2020 and June 30, 2019 is presented on the next page:

Changes in Net Position

	Year Ended	
	June 30,	
	2020	2019
OPERATING REVENUES		
Assessments	\$ 306,919	\$ 258,500
#1 Materials (Transfer Station)	488,594	435,639
Construction & Demolition Materials	165,524	143,592
Steel Sales	18,149	29,379
Other Operating Revenues	89,194	61,548
Total Operating Revenues	1,068,380	928,658
OPERATING EXPENSES		
Trucking Expense	20,897	12,164
Disposal Costs	342,563	313,298
Salaries and Wages	283,371	296,177
Utilities	11,129	13,210
Insurance	112,630	99,830
Board Expense	3,043	2,809
Office Expense	5,381	6,990
Professional Fees	26,423	56,049
Custom Work	5,760	225
Repairs and Maintenance	58,934	52,634
Fuel and Oil	35,309	37,266
Closure/Postclosure Costs	33,037	18,533
Other Operating Expenses	20,191	16,937
Depreciation	121,272	118,435
Total Operating Expenses	1,079,940	1,044,557
Operating (Loss)	(11,560)	(115,899)
NON-OPERATING REVENUES (EXPENSES)		
Interest on Investments	20,543	25,175
Interest Expense	(1,846)	(3,548)
Total Non-Operating Revenues (Expenses)	18,697	21,627
Change in Net Position	7,137	(94,272)
Net Position Beginning of Year	1,850,990	1,945,262
Net Position End of Year	\$ 1,858,127	\$ 1,850,990

OPERATING REVENUES

In fiscal year 2020, operating revenues increased by \$139,722 or 15.05% and operating expenses increased by \$35,383 or 3.39%. The increase in operating revenue is due to widespread rate increases across several waste categories (trees, furniture, etc.). Similarly, expenses increased in response to a hike in the fee the Landfill pays to dispose of waste.

STATEMENT OF CASH FLOWS

The Statement of Cash Flow presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash used from capital and related financing activities includes the retirement of long-term debt. Cash provided by investing activities includes proceeds from interest received on certificates of deposit.

CAPITAL ASSETS

At June 30, 2020 the Agency had \$1,335,030 invested in capital assets, net of accumulated depreciation. Depreciation charges totaled \$121,272 for fiscal year 2020. More detailed information about the Agency's capital assets is presented in Note 4 to the financial statements.

LONG-TERM DEBT

During the year ending June 30, 2020, the Agency borrowed an additional \$89,339 from Primebank to finance a new Wilken Trailer starting February 2020 for 4 years. More detailed information about the Agency's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS

Plymouth County Area Solid Waste Agency continues to operate at or near a deficit. The current condition of the economy in the state continues to be a concern for Agency officials. Some of the realities that may potentially become challenges for the Agency to meet are:

- Facilities at the Agency require constant maintenance and upkeep.
- Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- Annual deposits required to be made to closure and post closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- Increases in tonnage fees have not been adequate to cover the increase in wages and health insurance expenses.

The Agency anticipates the current fiscal year will be improved compared to the last and will maintain a close watch over resources to maintain the Agency's ability to react to unknown issues.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Plymouth County Area Solid Waste Agency, 34898 150th St., Le Mars, Iowa 51031.

FINANCIAL STATEMENTS

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Statements of Net Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 143,518	\$ 88,729
Certificates of Deposit	19,686	117,568
Receivables:		
Accounts Receivable	1,321	100
Accrued Interest	3,575	6,509
Due from Other Governments	97,065	86,182
Prepaid Insurance	15,353	16,265
Total Current Assets	<u>280,518</u>	<u>315,353</u>
Long Term Assets		
Restricted Assets:		
Certificates of Deposit - Closure/Post Closure Care	916,032	795,548
Due from Other Governments-Recycle Totes	12,764	14,662
Land	30,000	30,000
Infrastructure, Property, and Equipment (Net of Accum. Depreciation)	1,305,030	1,334,430
Total Long Term Assets	<u>2,263,826</u>	<u>2,174,640</u>
Total Assets	<u>2,544,344</u>	<u>2,489,993</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>60,688</u>	<u>82,964</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	40,709	70,895
Accrued Wages and Compensated Absences	10,220	12,928
Other Accrued Liabilities	4,505	5,179
Current Portion of Long Term Debt	49,165	49,686
Unearned Revenue	21,542	21,542
Total Current Liabilities	<u>126,141</u>	<u>160,230</u>
Long Term Liabilities		
Net pension liability	178,010	203,028
Bank Loan Net of Current Portion	60,699	28,966
Estimated Liability for Landfill Closure and Post closure Care Costs	338,608	305,571
Total Long Term Liabilities	<u>577,317</u>	<u>537,565</u>
Total Liabilities	<u>703,458</u>	<u>697,795</u>
Deferred Inflows of resources		
Pension related deferred inflows	<u>43,447</u>	<u>24,172</u>
NET POSITION		
Net Investment in Capital Assets	1,225,166	1,285,778
Restricted for Closure/Post Closure Costs	577,424	489,977
Unrestricted	55,537	75,235
Total Net Position	<u>\$ 1,858,127</u>	<u>\$ 1,850,990</u>

See Accompanying Notes to Financial Statements

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Assessments	\$ 306,919	\$ 258,500
#1 Materials (Transfer Station)	488,594	435,639
Construction & Demolition Materials	165,524	143,592
Steel Sales	18,149	29,379
Other Operating Revenues	89,194	61,548
Total Operating Revenues	<u>1,068,380</u>	<u>928,658</u>
OPERATING EXPENSES		
Trucking Expense	20,897	12,164
Disposal Costs	342,563	313,298
Salaries and Wages	283,371	296,177
Utilities	11,129	13,210
Insurance	112,630	99,830
Board Expense	3,043	2,809
Office Expense	5,381	6,990
Professional Fees	26,423	56,049
Custom Work	5,760	225
Repairs and Maintenance	58,934	52,634
Fuel and Oil	35,309	37,266
Closure/Postclosure Costs	33,037	18,533
Other Operating Expenses	20,191	16,937
Depreciation	121,272	118,435
Total Operating Expenses	<u>1,079,940</u>	<u>1,044,557</u>
Operating (Loss)	<u>(11,560)</u>	<u>(115,899)</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest on Investments	20,543	25,175
Interest Expense	(1,846)	(3,548)
Total Non-Operating Revenues (Expenses)	<u>18,697</u>	<u>21,627</u>
Change in Net Position	7,137	(94,272)
Net Position Beginning of Year	1,850,990	1,945,262
Net Position End of Year	<u>\$ 1,858,127</u>	<u>\$ 1,850,990</u>

See Accompanying Notes to Financial Statements

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities:		
Cash Received from Assessments	\$ 306,919	\$ 258,500
Cash Received from Monthly Hauling Charges	488,594	435,639
Cash Received from Construction and Demolition Materials	165,524	143,592
Cash Received from Other Operating Receipts	97,137	92,755
Cash Received from Grant	-	1,000
Cash Paid to Suppliers for Goods and Services	(671,534)	(559,627)
Cash Paid to Employees for Services	(270,220)	(283,670)
Net Cash Provided by Operating Activities	<u>116,420</u>	<u>88,189</u>
Cash Flows from Capital and Related Financing Activities:		
Proceeds from borrowing	89,339	47,000
Principal Payments	(58,127)	(86,382)
Interest Payments	(1,846)	(3,548)
Purchase of Capital Assets	(91,872)	(155,385)
Net Cash (Used) by Capital and Related Financing Activities	<u>(62,506)</u>	<u>(198,315)</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(22,602)	(21,105)
Interest Received	23,477	21,933
Net Cash Provided by Investing Activities	<u>875</u>	<u>828</u>
Net Increase (Decrease) in Cash and Cash Equivalents	54,789	(109,298)
Cash and Cash Equivalents Beginning of Year	88,729	198,027
Cash and Cash Equivalents End of Year	<u>143,518</u>	<u>88,729</u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:		
Operating (Loss)	(11,560)	(115,899)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	121,272	118,435
Loss on Sale of Equipment	-	3,836
(Increase) Decrease in Assets:		
Accounts Receivable	(1,221)	926
Due from Other Governments	(8,985)	1,902
Prepaid Insurance	912	7,205
Deferred Outflows of Resources	22,276	(8,209)
Increase (Decrease) in Liabilities:		
Accounts Payable	(30,186)	40,744
Closure/Post Closure Care	33,037	18,533
Accrued Wages and Compensated Absences	(2,708)	(2,977)
Other Accrued Liabilities	(674)	702
Net Pension Liability	(25,018)	20,553
Deferred Inflow of Resources	19,275	2,438
Total Adjustments	<u>127,980</u>	<u>204,088</u>
Net Cash Provided by Operating Activities	<u>\$ 116,420</u>	<u>\$ 88,189</u>

See Accompanying Notes to Financial Statements

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies

Plymouth County Area Solid Waste Agency was formed in 1973 pursuant to the provisions of Chapter 28F of the Code of Iowa. The purpose of the Plymouth County Area Solid Waste Agency is to operate the sanitary landfill in Plymouth County, Iowa, for use by all the municipalities therein, except Akron.

The Plymouth County Area Solid Waste Agency is composed of one representative of each of the ten member cities and five representatives from Plymouth County. The member cities are: Brunsville, Craig, Hinton, Kingsley, Le Mars, Merrill, Oyens, Remsen, Struble and Westfield.

The Agency's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions and authorities. The Agency has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Agency. The Agency has no component units which meet the Governmental Accounting Standards Board criteria.

B. Basis of Presentation

The accounts for the Agency are organized as a special purpose government reported as a business type activity. Business type activities are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The statement of Net Position presents the Plymouth County Area Solid Waste Agency's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies – (Continued)

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash, Investments and Cash Equivalents – The Agency considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have an original maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2020 and 2019 include unrestricted certificates of deposit of \$19,686 and \$117,568, respectively, and restricted certificates of deposit of \$916,032 and \$795,548.

Restricted Investments – Funds set aside for payment of closure and post closure care costs are classified as restricted.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Agency as assets with initial, individual costs in excess of \$1,000.

Depreciation is computed using the straight-line method over useful lives ranging from 5 to 40 years.

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense-expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Agency after the measurement date but before the end of the Agency's reporting period.

Compensated Absences – The Agency employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. The Agency's liability for accumulated vacation, including applicable employee benefits, has been computed based on rates of pay in effect at June 30, 2020 and 2019.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies – (Continued)

Pensions – For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on IPERS investments.

Note 2 - Cash and Investments

The Agency's deposits (demand deposits and certificates) at June 30, 2020 and 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against depositories to ensure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Agency's investments consist only of certificates of deposits which are stated at cost.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure. The Agency had no investments meeting disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Note 3 - Closure and Post Closure Care Costs

To comply with federal and state regulations, the Agency is required to complete a monitoring system plan and a closure/post closure care plan and to provide funding necessary to effect closure and post closure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year post closure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and post closure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 3 - Closure and Post Closure Care Costs – (Continued)

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and post closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total cost consists of four components: (1) the cost of equipment and facilities used in post closure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post closure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Plymouth County Area Solid Waste Agency have been estimated at \$864,794 and \$795,548 for closure and post closure care as of June 30, 2020 and 2019, respectively, and the portion of the liability that has been recognized is \$338,608 and \$305,571 for the fiscal years ended June 30, 2020 and 2019, respectively. These amounts are based on what it would cost to perform all closure and post closure care during the years ended June 30, 2020 and 2019. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 83 years. The capacity used at June 30, 2020 is 39%.

Chapter 455B.306(9)(b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and post closure care accounts to accumulate resources for the payment of closure and post closure care costs. The Agency has begun accumulating resources to fund these costs and, at June 30, 2020 and 2019, assets of \$916,032 and \$795,548, respectively, are restricted for these purposes. They are reported as restricted investments in the Statement of Net Position. The closure and post closure care costs are fully funded.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 4 - Capital Assets

A summary of capital assets at June 30, 2020 and 2019 as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
	30,000	-	-	30,000
Capital Assets being depreciated:				
Buildings and Improvements	1,339,894	-	-	1,339,894
Equipment and Vehicles	1,456,325	91,872	-	1,548,197
Infrastructure	10,000	-	-	10,000
Total capital assets being depreciated	2,806,219	91,872	-	2,898,091
Less accumulated depreciation for:				
Buildings and Improvements	704,172	38,524	-	742,696
Equipment and Vehicles	763,017	82,648	-	845,665
Infrastructure	4,600	100	-	4,700
Total accumulated depreciation	1,471,789	121,272	-	1,593,061
Total capital assets being depreciated, net	1,334,430	(29,400)	-	1,305,030
Total capital assets, net	\$ 1,364,430	\$ (29,400)	\$ -	\$ 1,335,030

Reconciliation of Net Investment in Capital Assets:

	2020	2019
Land	\$ 30,000	\$ 30,000
Infrastructure, Property, and Equipment (Net of Accumulated Depreciation)	1,305,030	1,334,430
Less: Asset Related Debt	(109,864)	(78,652)
	\$ 1,225,166	\$ 1,285,778

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 5 - Risk Management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, losses and loss expenses for the property risks estimated for the fiscal year, plus all or any portion of any deficiency capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Agency's property and casualty contributions to the risk pool are recorded as expenses from its fund at the time of payment to the risk pool. The Agency's contribution to the Pool for the year ended June 30, 2020 was \$17,372 for the year ended June 30, 2019 was \$17,789.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Agency's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Agency does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020 and 2019, no liability has been recorded in the Agency's financial statements. As of June 30, 2020 and 2019, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 5 - Risk Management – (Continued)

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Agency also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 6 - Pension and Retirement Benefits

Plan description – IPERS membership is mandatory for employees of the Commission, except for those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 6 - Pension and Retirement Benefits (Continued)

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020 and 2019, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the Agency contributed 9.44 percent for a total rate of 15.73 percent.

The Agency's total contributions to IPERS for the year ended June 30, 2020 and 2019 were \$21,447 and \$22,085, respectively.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020 and 2019, the Agency reported a liability of \$178,010 and \$203,028, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019 and 2018, the Agency's collective proportion was 0.0030741 and 0.0032083 percent, respectively, which was a decrease of 0.000134 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020 and 2019, the Agency recognized pension expense of \$37,980 and \$36,867, respectively. At June 30, 2020 the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 6 - Pension and Retirement Benefits (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 493	\$ 6,400
Changes of assumptions	19,067	-
Net difference between projected and actual earnings on pension plan investments	-	20,060
Changes in proportion and differences between Agency contributions and proportionate share of contributions	19,681	16,987
Agency contributions subsequent to the measurement date	21,447	-
Total	<u>\$ 60,688</u>	<u>\$ 43,447</u>

At June 30, 2019 the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,113	\$ 4,589
Changes of assumptions	28,963	-
Net difference between projected and actual earnings on pension plan investments	-	5,579
Changes in proportion and differences between Agency contributions and proportionate share of contributions	30,803	14,004
Agency contributions subsequent to the measurement date	22,085	-
Total	<u>\$ 82,964</u>	<u>\$ 24,172</u>

\$21,447 and \$22,085 are reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2021 and 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	\$ 6,192
2022	(4,587)
2023	(1,178)
2024	(3,465)
2025	(1,168)
	<u>\$ (4,206)</u>

There were no non-employer contributing entities at IPERS.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 6 - Pension and Retirement Benefits (Continued)

Actuarial assumptions – The total pension liability in the June 30, 2019 and 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	
(effective June 30, 2017)	2.60 percent per annum
Rates of Salary Increase	3.25 to 16.25 percent, average, including inflation. Rates vary by membership group.
(effective June 30, 2017)	
Long-term Investment Rate of Return	7.00 percent, compounded annually, net of investment expense, including inflation
(effective June 30, 2017)	
Wage growth	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation
(effective June 30, 2017)	

The actuarial assumptions used in the June 30, 2019 and 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and healthy Annuitant Tables with MP-2017 generational adjustments.

Mortality rates used in the 2018 valuation were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	2020		2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0%	5.60%	22.0%	6.01%
International Equity	15.0	6.08	15.0	6.48
Global smart beta equity	3.0	5.82	3.0	6.23
Core plus fixed income	27.0	1.71	27.0	1.97
Public credit	3.5	3.32	3.5	3.93
Public real assets	7.0	2.81	7.0	2.91
Cash	1.0	(0.21)	1.0	(0.25)
Private equity	11.0	10.13	11.0	10.81
Private real assets	7.5	4.76	7.5	4.14
Private	3.0	3.01	3.0	3.11
Total	100.0%		100.0%	

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 6 - Pension and Retirement Benefits (Continued)

Discount rate – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
2020 Agency's proportionate share of the net pension liability	\$ 316,088	\$ 178,010	\$ 62,191
2019 Agency's proportionate share of the net pension liability	\$ 344,577	\$ 203,028	\$ 84,287

Pension Plan Fiduciary Net Position – Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the pension plan - At June 30, 2020 and 2019, the Agency reported payables to the defined benefit pension plan of \$1,747 and \$1,581 for legally required employer contributions and \$1,164 and \$1,078, respectively for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 7 - Changes in Long-Term Liabilities

Direct Borrowings and Direct Placements

During the year ended June 30, 2018, the Agency financed through direct borrowings, a new SANY Excavator for \$100,000 at 2.75% for 3 years of monthly payments. The first payment was made November 10, 2017, and the last payment will be October 10, 2020.

During the year ended June 30, 2019, the Agency financed through direct borrowings, a new Mack Truck for \$47,000 at 3.9% for 3 years of monthly payments. The first payment was made on August 10, 2018, and the last payment will be made on July 10, 2021.

During the year ended June 30, 2020 the Agency financed through direct borrowings, a new Wilkens Trailer for \$89,339 at 3.75% for 4 years of monthly payments. The first payment was made February 25, 2020, and the last payment will be made on January 25, 2024.

The Agency's bank loan includes a provision that in an event of default the outstanding amounts become immediately due.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Notes to Financial Statements
June 30, 2020 and 2019

Note 7 - Changes in Long-Term Liabilities – (Continued)

Year Ending June 30	Interest	Principal
2021	\$ 3,129	\$ 49,165
2022	1,849	23,664
2023	995	23,134
2024	175	13,901
Total	\$ 6,148	\$ 109,864

Changes in Long Term Debt:

	Bank Loan - Direct Borrowing	Closure/ Post Closure	Total
Balance Beginning of Year	\$ 78,652	\$ 305,571	\$ 384,223
Increases	89,317	53,099	142,416
Decreases	58,105	-	58,105
Balance End of Year	<u>\$ 109,864</u>	<u>\$ 358,670</u>	<u>\$ 468,534</u>
Due within One Year	<u>\$ 49,165</u>	<u>\$ -</u>	<u>\$ 49,165</u>

Note 8 - Accounting Change / Restatement

It was determined that a disposal expense had been improperly excluded from accounts payable in the prior year. A prior period adjustment was made, decreasing the Landfill's net position by \$26,396.

The effect of the restatement on the change in financial position and financial position as of and for the year ended June 30, 2019 is as follows:

	2019	
	As previously reported	Restated
Total disposal costs	\$ 286,902	\$ 313,298
Change in net position	(67,876)	(94,272)
Accounts payable	44,499	70,895
Net position	\$ 1,877,386	\$ 1,850,990

Required Supplementary Information

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST SIX FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016
Agency's proportion of the net pension liability	0.0030741%	0.0032083%	0.002739%	0.003162%	0.002900%
Agency's proportionate share of the net pension liability	\$ 178,010	\$ 203,028	\$ 182,475	\$ 198,985	\$ 144,188
Agency's covered payroll	\$ 233,951	\$ 245,300	\$ 202,923	\$ 226,905	\$ 199,984
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	76.09%	82.77%	89.92%	87.70%	72.10%
Plan fiduciary net position as a percentage of the total pension liability	84.38%	83.62%	82.21%	81.82%	85.19%
	2015				
Agency's proportion of the net pension liability	0.002674%				
Agency's proportionate share of the net pension liability	\$ 106,038				
Agency's covered payroll	\$ 176,854				
Agency's proportionate share of the net pension liability as a percentage of its covered payroll	59.96%				
Plan fiduciary net position as a percentage of the total pension liability	87.61%				

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

See accompanying independent auditors' report

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
SCHEDULE OF THE AGENCY'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 21,447	\$ 22,085	\$ 21,905	\$ 18,122	\$ 20,263
Contributions in relation to the statutorily required contribution	(21,447)	(22,085)	(21,905)	(18,122)	(20,263)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered payroll	\$ 227,188	\$ 233,951	\$ 245,300	\$ 202,923	\$ 226,905
Contributions as a percentage of covered payroll	9.44%	9.44%	8.93%	8.93%	8.93%

	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 17,855	\$ 14,718	\$ 13,585	\$ 11,949	\$ 10,541
Contributions in relation to the statutorily required contribution	(17,855)	(14,718)	(13,585)	(11,949)	(10,541)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's covered payroll	\$ 199,984	\$ 176,854	\$ 156,690	\$ 148,067	\$ 151,669
Contributions as a percentage of covered payroll	8.93%	8.32%	8.07%	8.07%	6.65%

See accompanying independent auditors' report

**PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Plymouth County Area Solid Waste Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Plymouth County Area Solid Waste Agency (the Agency), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated January 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses, described as items 2020-001 and 2020-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Plymouth County Area Solid Waste Agency's Response to Findings

The Agency's response to the findings identified in our audit is described in the accompanying schedule of findings. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams & Company, P.C.

Certified Public Accountants

Le Mars, Iowa

January 6, 2021

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Schedule of Findings
For the Year Ended June 30, 2020

Part I: Summary of the Independent Auditors' Results

- (a) An unmodified opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Finding Related to the Financial Statements:

INSTANCE OF NON-COMPLIANCE:

No matters were noted

MATERIAL WEAKNESSES:

2020-001 Financial Accounting - Segregation of Duties

Condition and Criteria— An important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. One person has control over each of the following areas for the Agency:

- Receipts – collecting, depositing, journalizing and posting.

Effect – Financial statements provided by management may not be presented in accordance with U.S. GAAP, or the internal control system is susceptible to the potential for fraud.

Cause – Due to limited number of personnel a proper segregation of duties is difficult

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the Agency should review its operating procedures to obtain the maximum internal control possible under the circumstances.

Views of responsible officials – Due to the limited number of office employees, segregation of duties is very difficult. However, we will have the manager review receipts and posting on a test basis.

2020-002 Financial Accounting – Material Adjusting Journal Entries

Condition and Criteria – The auditors were required to propose and have management post adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the Agency train business office staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

PLYMOUTH COUNTY AREA SOLID WASTE AGENCY
Schedule of Findings
For the Year Ended June 30, 2020

2020-002 Financial Accounting – Material Adjusting Journal Entries (Continued)

Views of responsible officials – The Agency's board feels that training additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost effective. However, management has and will continue to monitor this process on a regular basis.

Part III: Other Findings Related to Statutory Reporting

- III-A-20 Questionable Expenses** – No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- III-B-20 Travel Expense** – No expenditures of money for travel expenses of spouses of Agency officials or employees were noted.
- III-C-20 Board Minutes** – No transactions were found that we believe should have been approved in the Agency minutes but were not.
- III-D-20 Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the Agency's investment policy were noted.
- III-E-20 Financial Assurance** – The Agency has demonstrated financial assurance for closure and post closure care costs as required by Chapter 114.31(6)i of the Iowa Administrative Code.
- III-F-20 Business Transactions** – Business transactions between the District and District Officials are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Kenneth Kreinert, Board Member Truck Driver	Employee	\$3,300 (A)

(A) This transaction may represent a conflict of interest and the Agency should contact legal counsel for determination.

- III-G-20 Restricted Donor Activity** – No transactions were noted between the Commission, Commission officials, Commission employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.